

RESEARCH STUDY



servicenowTM

2021 Adoption Study.

Moving from IT Adoption to Enterprise Transformation.

Produced by Helix Market Research

Commissioned by Windward Consulting Group
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TABLE OF CONTENTS

What's Inside

Introduction.....	3
Overview of Study, Participants, Methodology	4
Key Findings.....	5
Recommendations.....	5
Survey Results	6
Role of ServiceNow in the Enterprise	6
ServiceNow as Enterprise Solution.....	7
Investment Priorities for ServiceNow	8
Workforce Mix for ServiceNow Support.....	9
Keeping Skills Current for ServiceNow.....	10
The Choice to Outsource Administration.....	11
Ranking ServiceNow CMDB Maturity.....	12
Value of ServiceNow across the Enterprise.....	13
24 Month Look ahead for ServiceNow Growth.....	14
Biggest ServiceNow-Related Challenges.....	15
Summary	6
Research Analysts.....	6
About Helix Marketing Research	6
About Windward Consulting Group.....	6



Introduction.

We believe this study will help business and IT leaders build a stronger, more informed strategic direction for their investment in ServiceNow.

In early 2021, Helix Market Research surveyed over 200 enterprise ServiceNow executives. After a year of unprecedented change, we wanted to see how large organizations were using the Platform of Platforms differently. With its strong emphasis on workflows designed to improve efficiency, how did the economic upheaval and remote work revolution which took place in 2020 translate into how, when and why enterprise-level organizations deployed ServiceNow? What are their plans moving forward, as the “new normal” evolves into whatever comes next?

As the market leader, ServiceNow can justify a premium pricing structure. Did the higher cost of ServiceNow lead companies to pull back from their investment during uncertain times? Or did it push companies to accelerate their plans to extend ServiceNow across the enterprise, to streamline their systems (and see more value from their initial investment)?

During their Knowledge 2021 user conference, ServiceNow highlighted examples of organizations ranging from IBM to Uber, using the platform to support rapid deployment of initiatives and other programs during the pandemic. Does this indicate an accelerated pace of adoption that will continue in 2021 - and beyond?

These were some of the questions driving this research study.

As we move forward into the future, we are leaving behind an era of incredible uncertainty. Business and IT leaders want to know what their peers are planning over the next year, as the world shifts back into gear.

They want to know what's happening at the forefront of digital transformation, to gain or maintain a competitive advantage.



Overview of Study, Participants, Methodology.

This study was commissioned by Windward Consulting Group as a benchmarking survey to measure the relative maturity level of adoption of ServiceNow across the enterprise. The study also tracked how IT leaders were approaching short-term and near-term IT goals, budgets, priorities, and resourcing for ServiceNow Fortune 1000 companies in the United States. The survey launched in January, 2021 and ran for 45 days.

This was a quantitative survey that featured 10 core questions about current implementation of ServiceNow and projected plans where IT leaders self-reported. Survey respondents received outreach via LinkedIn and email with requests to participate in the survey. They were qualified to participate based upon their match to a Fortune 1000 company which uses ServiceNow, working in Information Technology, and the target role and title.

Key Findings.

Organizations overwhelmingly see ServiceNow as an enterprise solution capable of driving value across all business functions, with most saying it plays a major or mission-critical role. “Making the world of work, work better for people” is ServiceNow’s mission and that has flowed naturally into creating a robust end-to-end solution.

While many large organizations either are considering or already have expanded their use of the ServiceNow platform beyond IT, there is still room for growth within IT functions, particularly in regards to ITOM and CMDB automation and integration. Growing interest in ITBM and Performance Analytics indicates the platform has started to garner the attention of the C-Suite, as they see the value of the data which flows through the system can be captured to provide greater insight into key areas of the business.

Outside of IT, the biggest areas of growth for ServiceNow deployments are in HR Service Delivery (HRSD) and Customer Service Management (CSM), as organizations seek to deliver consumer-quality experiences to employees and customers through their corporate digital interactions.

The challenges organizations face in implementing and supporting ServiceNow are both internal and external - and most organizations utilize a mix of both full-time and contractors. Skills gaps, cost concerns,

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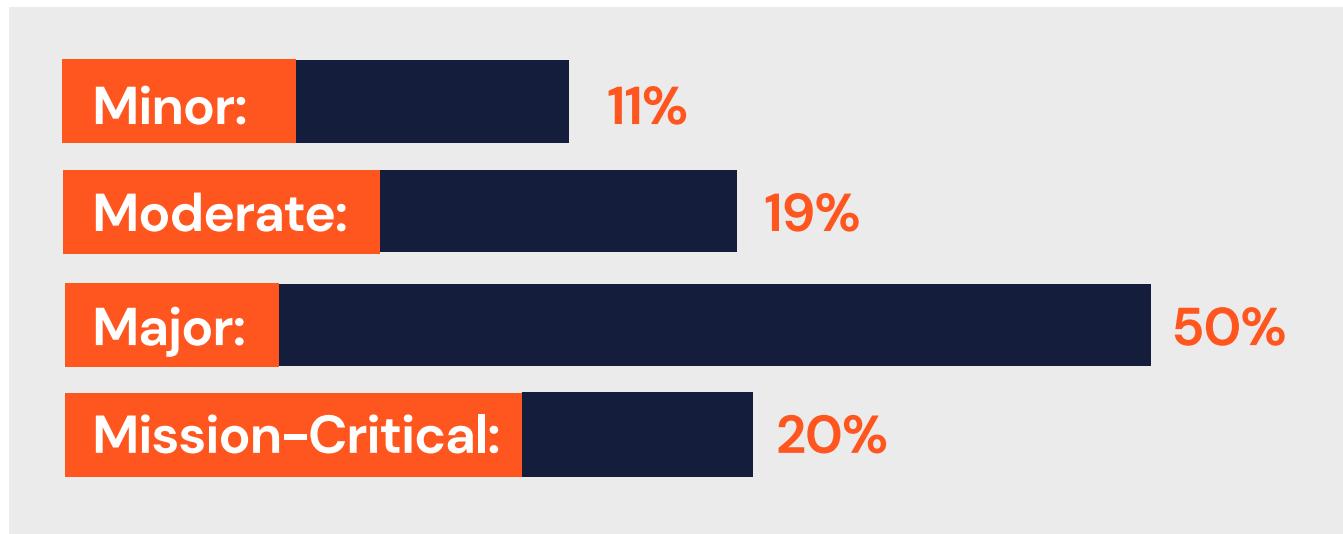
Recommendations.

- 1.** It is critical that organizations build business justification for where they are investing in ServiceNow, to separate the wheat from the chaff and justify business impact.
- 2.** When looking for outside contractors, seek out specialized expertise to both fill any skills gaps and level-up internal resources, as opposed to simply adding capacity.
- 3.** IT leaders should examine workflows in the context of how it can improve employee and customer experience. This is what will differentiate an organization from competitors.
- 4.** Remember the critical importance of having reliable, accurate underlying data in your CMDB to push your business forward.

Role of ServiceNow in the Enterprise.

"What role does ServiceNow play in your Enterprise?"

One explanation for the growing role that ServiceNow is playing in large organizations is reflected in its roots as an IT software platform. As companies continue to expand digitalization, IT functions are becoming more central to the organization as a whole.



Recognition that IT – and the tools that support it – plays a major, or even mission-critical role, has been a long time coming.

Beyond supporting IT operations, as ServiceNow expands into HR, CSM, and other business functions, it is playing a greater role in the digital ecosystem of the enterprise. The response to this question reflects the maturity, breadth, and adoption of ServiceNow in 2021. As the platform gets utilized to support broader business functions and streamline the flow of work and data across the organization, especially in customer-facing applications, its contribution can be more easily seen and appreciated by the C-Suite.

This represents an opportunity for savvy CIOs to drive value across the organization, and reap the rewards of their integral role in increasing efficiency, streamlining operations and improving user experience for employees, customers and other stakeholders.

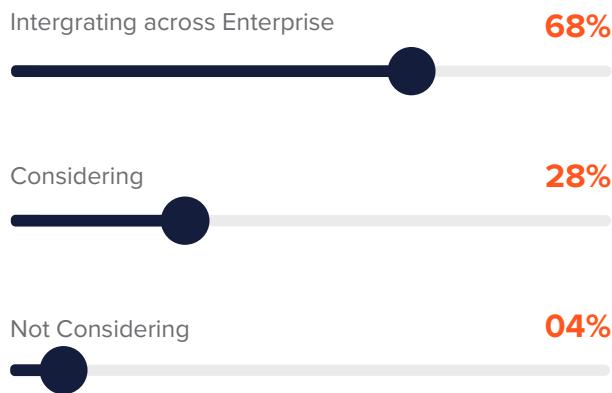
Key Takeaway.

Seventy percent of users say ServiceNow plays a major or mission-critical role in their organization. With that much on the line, demonstrating its ROI in business terms outside of IT is vital to realizing optimal value.

ServiceNow as Enterprise Solution.

"Are you considering ServiceNow as an Enterprise Solution?"

The response to this question supports the answers to the previous one. Sixty-eight percent are already using ServiceNow as an enterprise solution, with an additional 28% considering it. Only 4 percent still view it exclusively as a niche IT solution. As ServiceNow continues to grow its robust integrated solution set, this only makes sense.



The broader the use, the greater the return on investment.

Once a company has invested the time, money and resources to implement ServiceNow for IT, it's a relatively small step to extend it into other business functions. They can also see it in action, and feel relatively confident in the platform's stability, ease-of-use and potential to increase efficiency with workflows and automation.

An IT team experienced in deployment from the initial implementation can support that expansion with internal resources.

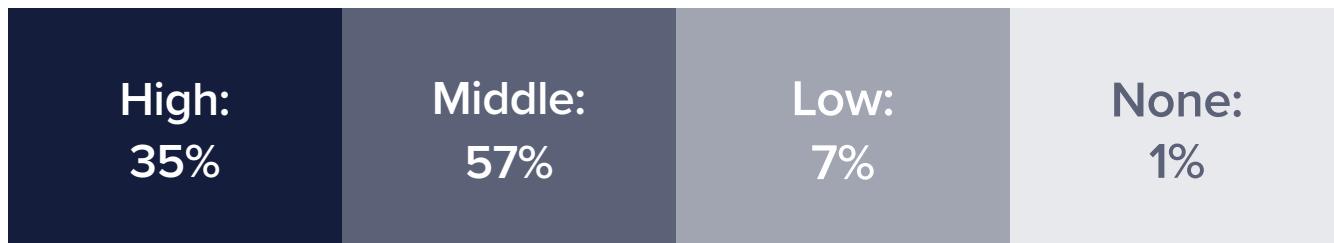
They just need to bridge the gap with outside contractors between their subject matter knowledge around IT and the specific challenges of a different function. If so, the project can flow smoothly and won't get hung up over miscommunication and misunderstandings specific to the new area of business.

Key Takeaway.

Two-thirds of users have already started integrating ServiceNow beyond IT, in areas like Customer Service Management (CSM) and HR Service Delivery (HRSD). They recognize that increasing the ROI of their investment creates the potential to seize a competitive advantage and disrupt their industry. Who will ServiceNow disrupt as this trend grows? Legacy players in CSM and HRSD such as Salesforce, SAP and ADP.

Investment Priorities for ServiceNow.

"Where are you prioritizing investments in ServiceNow?"



Organizations are not planning to back away from their investment in ServiceNow in the near future, but they also aren't putting it at the top of the list which starts to signal the speed at which deployment across the Enterprise will happen. Less than one percent of respondents answered that it was not a priority (the graph is rounded up to the nearest percent). And among the remainder, over 90% place it in the middle or top of their list of priorities.

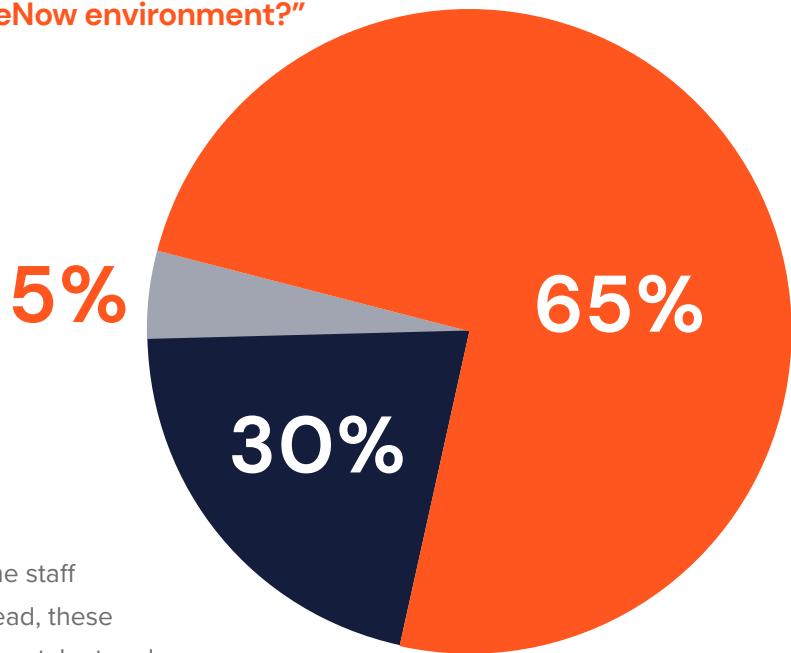
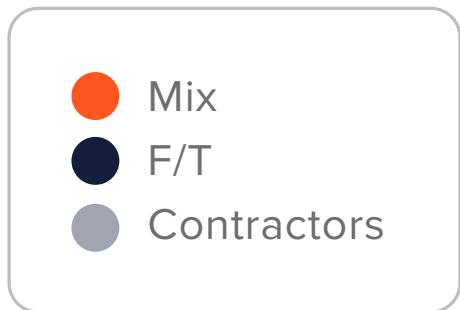
If Business and IT leaders are still experiencing uncertainty about the future of ServiceNow, that uncertainty doesn't appear to be reflected in plans to reduce their investment. If anything, the lessons learned during the downturn have made the advantages of using workflow and automation supported by ServiceNow even more appealing.

Key Takeaway.

This data supports the integral role that the NOW Platform plays in many organizations. Every business is becoming digital, so demand for additional capabilities and workflow process improvements are only going to continue to escalate.

Workforce Mix for ServiceNow Support.

"How do you support your current ServiceNow environment?"



Nearly two-thirds of respondents don't rely on full-time staff alone to support their ServiceNow environment. Instead, these organizations are taking advantage of a mix of in-house talent and outsourced expertise. In large businesses, a hybrid environment provides the flexibility to bring in outside contractors for projects requiring specific expertise, while trusting skilled internal resources to manage daily administration. However, the drawback is increased complexity in managing a mixed workforce.

The relatively low number of enterprise organizations who are managing ServiceNow solely through full-time internal resources is likely a reflection of the fierce competition for skilled ServiceNow experts. While day-to-day administration is likely handled by internal resources in these big companies, contractors can help bridge the gap for big projects or areas where specialized expertise is needed.

ServiceNow has grown rapidly in the past few years; both in terms of the number of companies deploying the platform around the world, and its capabilities and features.

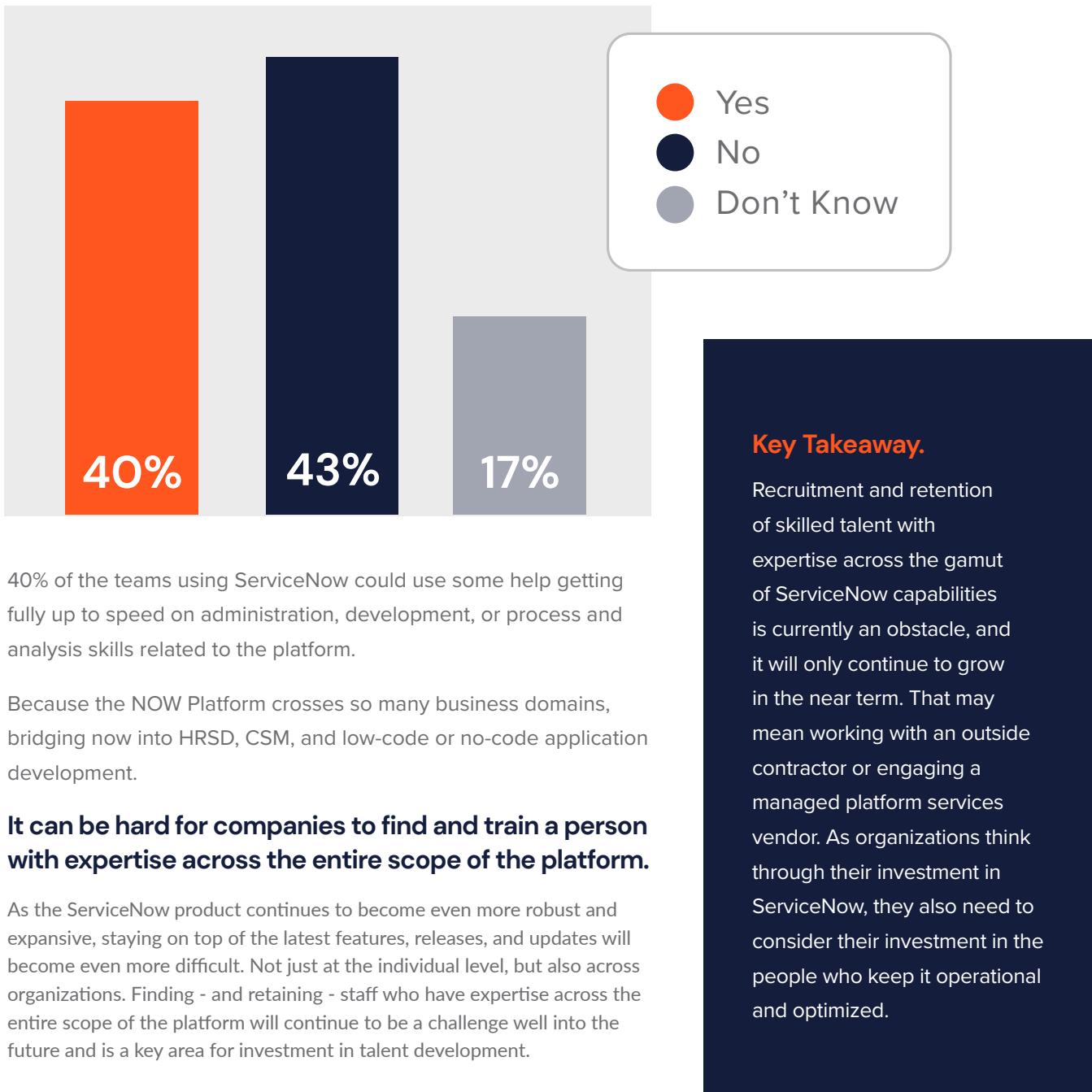
The available workforce of developers, engineers and analysts with a depth of experience deploying, managing, monitoring and optimizing it has not kept pace.

Key Takeaway.

Adding trusted contractors can help organizations overcome both capacity shortfalls and skills gaps. With the help of additional resources, organizations can invest in higher-level subject matter experts who understand the core business and can drive greater value from ServiceNow. Bringing in consultants for projects can also provide specific expertise, and help train internal staff.

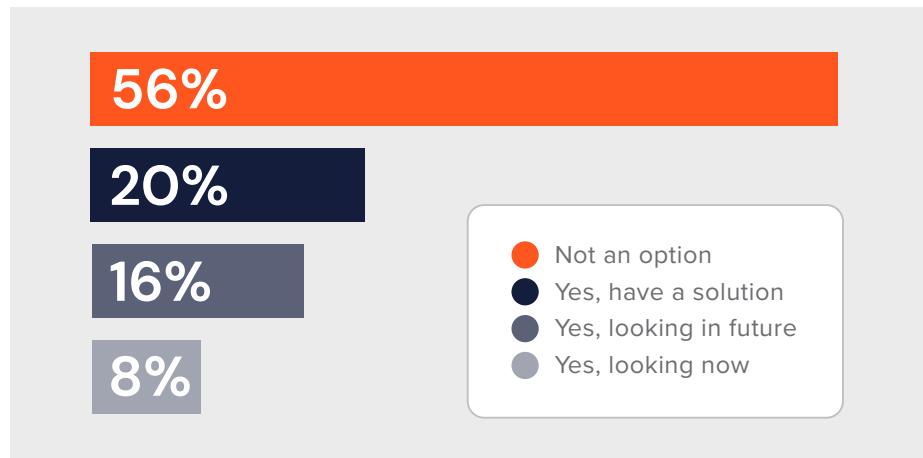
Keeping Skills Current for ServiceNow.

"Do you have a current internal staff ServiceNow skill gap?



The Choice to Outsource Administration.

"Have you considered outsourcing ServiceNow administration to a remote vendor solution?"



Forty-four percent of respondents are either using a managed IT services provider, or are looking for one now or in the future.

As for the 56% for whom outsourcing to a remote vendor isn't an option, this may come down to security and compliance issues. Because ServiceNow is so tightly integrated into critical business processes and systems, it's a matter of trust.

The volatility of the past year has made the importance of risk, resilience, and business continuity more visible and valuable than ever before.

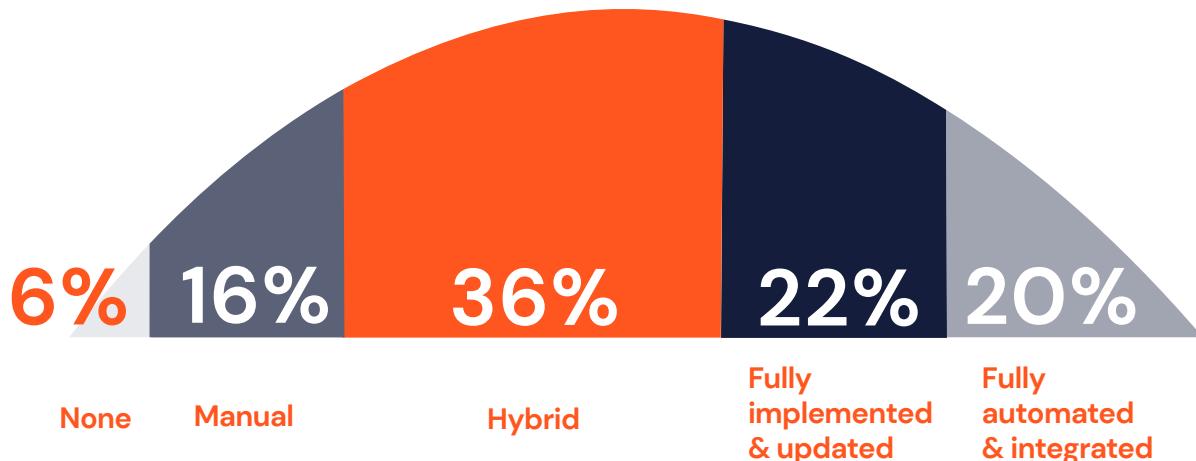
For many organizations, leaving the "keys to the castle" of ServiceNow administration in the hands of a third party is simply not a variable they're willing to factor into the equation. This is especially a challenge for mid-sized companies, who aren't in a position to compete with larger enterprises for the relatively small talent pool of skilled resources. However, those who can consider taking advantage of managed platform services for daily administration will free up their internal resources to work on higher-value projects and priorities.

Key Takeaway.

For organizations who are considering, or plan to consider, a remote vendor solution, credibility will be key. Ensure outside vendors' security and compliance training and credentials are impeccable. Thoroughly vet their project management and communication skills through customer references. This will help key stakeholders feel comfortable placing that much responsibility with a third party.

Ranking ServiceNow CMDB Maturity.

"How would you rate the maturity of your ServiceNow CMDB?"



The classic bell-curve response to this question represents both a big spread, and a major leap forward for the ServiceNow community as a whole. Twenty-two percent of respondents either have a manual CMDB solution, or none at all. Over a third have a hybrid, or mix of manual and automated, solution. But 20% have achieved a fully automated, integrated CMDB solution across the enterprise. Still, many organizations need to improve in order to fully realize the value of their ServiceNow implementation.

The value of a CMDB can only be measured by how accurate, up-to-date and trustworthy it is. Hybrid and manual solutions will never provide the single source of truth possible with an automated solution.

This limits its usefulness for incident management and troubleshooting.

CMDB's are notoriously difficult to implement, like any data consolidation project. It means trying to build a model, in real-time, of a system that has been created by dozens or hundreds of developers and IT staff.

The Paris release of ServiceNow offers new features that align with the processes around CMDB. This includes built-in tracking mechanisms to make CMDB management easier. These numbers may improve as organizations update to Paris.

Key Takeaway.

A mature CMDB solution is needed to realize the full value of ServiceNow in maintaining availability, up-time and reducing mean-time-to-resolution (MTTR). A CMDB only becomes really useful when it's automated. Manual and hybrid solutions are always out-of-date, usually updated quarterly, and not a trusted source. Updating to the latest release will help make automation simpler, so as soon as a device, server, or application is stood up an automation can put it into the system and keep it updated constantly.

Value of ServiceNow across the Enterprise.

"Where is ServiceNow adding the most value in your organization?"

**ServiceNow brands itself as
"The Smarter Way to Workflow,"**

They are delivering on that promise with most respondents identifying workflow automation as adding the most value to their organizations. The strong showing for improved employee experience also resonates with the company's messaging around "making the world of work, work better for people."

There's an interesting story here between human interaction and technical services. ServiceNow has invested in not letting the system get in the way of the experience, improving the flow of data and activity from one business unit to another, and allowing them to expand into areas not traditionally associated with ITSM.

The bottom line is that ServiceNow's workflow automation and integrations with best-in-class software are creating efficiencies that enable organizations to improve customer and employee experience. ServiceNow's expansion in CSM and HRSD is where they are showing the greatest value outside the realm of IT. Customers and employees are people.

As companies become more digital, the most common point of interaction between an enterprise and people is user experience.

ServiceNow is attempting to bring the kind of ease of use we associate with the consumer software market into the corporate world. That effort is paying off.

However, not every area of expansion is proving value at this point. From an end-user standpoint, ServiceNow is still pretty far off on no-code development maturity. It's still a desirable feature, but it doesn't appear to be driving value at the enterprise level yet.

Workflow automation: 69%

Improved customer service: 59%

Improved employee experience: 52%

Integrations: 44%

Ease of use: 43%

Modules for expansion: 27%

Rapid deployment: 23%

No-code development: 15%

Key Takeaway.

Process improvement is a critical element in "making the world of work easier." The first step is eliminating unnecessary work. ServiceNow can make it easier to capture, optimize and automate processes to make that possible.

24 Month Look ahead for ServiceNow Growth.

"Where will you invest in ServiceNow over the next 24 months? "



Despite strong indicators that customers view ServiceNow as an end-to-end enterprise solution, planned budgeting doesn't fully reflect that perspective.

The biggest area of anticipated growth is still in IT-related functions, with less than a quarter of respondents planning to invest in CSM and HRSD.

Nearly half of survey respondents haven't deployed ITOM, an insight that connects back to the earlier question about CMDB maturity. It begs the question, what specific areas of ITOM are organizations planning to invest in? It's possible this indicates an intent to move from reactive to proactive incident management - a shift that would require more real-time visibility that a fully automated CMDB could provide.



Strong interest in Portal could be a reaction to ServiceNow's efforts to make it easier to create simple, enjoyable end-user experiences that reduce friction and improve efficiency. Again, making the technical more human is paying off by making the platform a more attractive investment.

Customers are clearly looking to invest across the enterprise. Since IT support has implications for employee experience and customer service management, those are the logical next steps for expansion. Virtual Agent serves as the bridge between IT and Customer Service Management (CSM), which is the next biggest function in terms of predicted growth. HR Service Delivery (HRSD) will be an area for growth with almost a quarter of respondents.

Key Takeaway.

Taken with responses to previous questions, it's clear that there is an appetite for end-to-end implementation of ServiceNow within the enterprise. But that appetite doesn't necessarily translate to budget allocation, signaling a conflict between intentions and action. IT leaders looking to expand across the enterprise may need help defining business justification for these plans.

Biggest ServiceNow Related Challenges.

"What are the biggest challenges your organization faces with ServiceNow?"

According to survey respondents, cost is the biggest challenge organizations face in relation to ServiceNow.

As the market leader, the platform is in a position to maintain a premium price point which can make the drive to expand across the Enterprise more challenging. It is less complex than comparable alternatives, but the essential tasks an ITSM solution must accomplish are intrinsically complex. Which means there will always be a cost of the platform and an associated cost for the skilled technicians to implement it successfully.

Which leads neatly into the next set of challenges. The rapid acceleration of data and requests to be managed, paired with a workforce shortfall of people with ServiceNow expertise, adds to the cost of successful implementation.

Without a deep level of expertise to help provide clear guidelines and processes, as well as backup plans for risk, resilience and continuity, internal stakeholders who are resistant to change are likely to only dig their heels in more deeply - with some justification.

Demand can create a lot of noise, but finding the true demand requires business case justification.

What has business value? Enterprise IT leaders are focused on finding the improvements that will make the biggest positive impact company-wide. This may require an objective outside perspective to achieve the clarity needed to move forward.

Cost of the technology and implementation: 39%

Demand is outpacing our ability to deliver: 34%

Lack of experienced technical resources: 25%

Organization is resistant to change: 25%

Time to demonstrate ROI and value: 20%

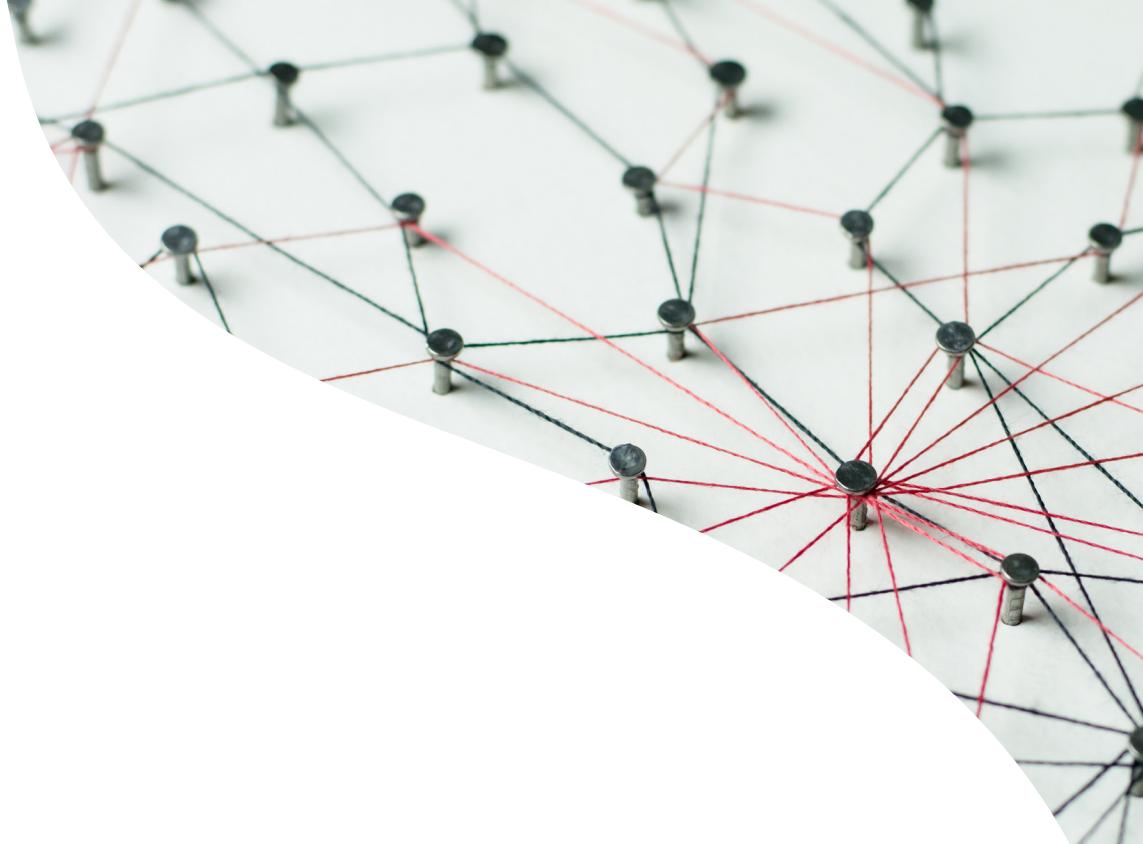
Data integrity and integration: 18%

I don't know: 16%

Other: 4%

Key Takeaway.

Every business is becoming digital, so demand will only continue escalating. Workflows and automation provide hope, but they require projects - which take resources. ServiceNow can help with the process of prioritizing these demands through ITBM, project portfolio management, and demand management.



Summary.

As large organizations seek to realize the potential of their investment in the platform, the biggest risk of failure may be in finding enough qualified people who also understand the organization's domain to support it.

There is a clear trendline among the responses indicating that investment in ServiceNow is rapidly accelerating. Maturity of implementation across the enterprise is also reaching a tipping point.

Organizations who have already deployed the platform's full range of capabilities are poised to enjoy a competitive advantage, and those who have not are already behind the curve.

ServiceNow offers features and capabilities that make it an attractive choice for extending into business functions outside IT. Employee experience and customer experience are areas where corporate applications have often fallen short of the user-experience standard of commercial applications.

ServiceNow seeks to address that, making technology more human.

This is perhaps ironic, since one of the biggest obstacles to successful deployment across the enterprise is human - retaining the human resources needed to implement and manage it.

As ServiceNow continues to expand across the globe, and across the enterprise, features such as ITBM and Performance Analytics will begin to deliver cross-functional business intelligence. Early adopters for these capabilities may still have time to seize a significant competitive advantage.

Research Analysts.

This report was written as a collaborative effort from Sean McDermott, a Successful Serial Entrepreneur and Innovator of Technology and Nichole Kelly, Principal and Lead Researcher of Helix Market Research.



Sean McDermott

Sean McDermott is a successful serial entrepreneur and innovator of Technology. He's spent the last 30+ years partnering with the Fortune 1000 to build the complex IT Operations infrastructure that powers some of the largest brands in the world. He is a pioneer who has led the IT industry through the dot com bust, 9/11 and the 2008 recession. Now, he is spearheading research to help the mid-size and enterprise-level IT Executives navigate the impact of COVID-19 and the current economic climate. He is known for leading the charge for industry pivots using a Move To Offense methodology and helping his clients navigate uncharted waters. He is a regular contributor to Forbes Tech Council and has been featured on Tech Target, IT Toolbox, Security Boulevard, Tech Republic, Inside BigData, DevPro Journal, and Software Advice. His subject matter expertise includes contributions to Helix's landmark research, the 2020 COVID-19 Information Technology Economic Impact Study and the 2021 State of Cybersecurity Research Study.



Nichole Kelly

Nichole Kelly is the market strategist and researcher who pioneered the proprietary research methodologies used by Helix Market Research. This methodology combines her 23 years of industry-leading marketing and innovative data integration experience to break the mold for traditional qualitative and quantitative research. Her approach to capturing the interest and attention amongst some of the hardest to reach executives and translating that interest into ground breaking research and in-CRM sales intelligence for clients represents a massive evolution for market research. She has been featured in FastCompany, Inc., Business.com and Business2Community. Her contributions to Helix's landmark research include the 2019 Executive Study of Emotional Intelligence, the 2020 COVID-19 Information Technology Economic Impact Study and the 2021 State of Cybersecurity Research Study.

About Helix Marketing Research.

Helix Market Research is a privately commissioned research firm that specializes in research-driven market strategy. Our clients trust us to capture the attention of hard to reach B2B buyers and provide deep levels of intelligence on where their market is heading and how their buyers are responding. By combining industry-relevant

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About Windward Consulting Group.

research and in-CRM intelligence on individual respondents, Helix Market Research breaks the mold of traditional qualitative and quantitative research.

Windward is a platform-agnostic and vendor-friendly IT Operations consulting firm with 23 years of experience in creating Service-Centric IT solutions for the Fortune 1000. We have helped organizations through the dot-com bust, 9/11 and the 2008 recession. Now, we are leveraging our market awareness and technology resilience to help the world's leading IT organizations navigate the impact from COVID-19, the economic downturn, and the current zone of discomfort.

Windward is helping clients build and deploy a Service-Centric IT vision and roadmap by leveraging three core competencies: AIOps (artificial intelligence and machine learning), service deployment, and service management. We leverage these competencies to develop strategic plans and deploy technology solutions for our clients to achieve real-world results, even in the most challenging business climates.

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